

President Bush's 2004 New Freedom Initiative Budget

The President announced the *New Freedom Initiative* in February 2001 and expanded the initiative through *Executive Order 13217* on June 18, 2001. The Executive Order directed federal agencies to work together to “tear down the barriers “ to community living. Various Departments throughout the government, including the Department of Health and Human Services, are partnering with states and others to provide elders and people with disabilities with necessary supports to fully participate in community life.

President Bush's commitment to community alternatives is still strong. He recently proposed \$2.1 billion in planned new spending over five years, with \$417 million proposed for FY 2004.

In testimony before the House Committee on Energy and Commerce on February 12, 2003, HHS Secretary Tommy Thompson explained the centerpiece of the President's proposed budget - a \$1.75 billion “Money Follows the Person- Rebalancing Initiative:”

“Home and community-based care as an alternative to nursing homes for the elderly and disabled is a priority of this Administration. The *New Freedom Initiative* represents part of the Administration's effort to make it easier for Americans with disabilities to be more fully integrated into their communities. Under this initiative, we are committed to promoting the use of at-home and community-based care as an alternative to nursing homes.

“It has been shown time and again that home care combines cost effective benefits with increased independence and quality of life for recipients. Because of this, we have proposed that the FY 2004 budget support a five-year demonstration called “Money Follows the Individual” Rebalancing Demonstration, in which the Federal Government will fully reimburse States for one year of Medicaid home and community –based services for individuals who move from institutions into home and community-based care. After this initial year, States will be responsible for matching payments at their usual Medicaid matching rate. The Administration will invest \$350 million in FY 2004, and \$1.75 billion over 5 years on this important initiative to help seniors and disabled Americans live in the setting that best supports their needs.”

Major Items in the President's *New Freedom* 2004 Proposed Budget for HHS

“Money Follows the Individual” Rebalancing Initiative

A new \$1.75 billion, five-year program to help Americans with disabilities transition from nursing homes or other institutions to living in the community. This five-year initiative would assist states in developing and implementing a strategy to “re-balance” their long term care systems so that there are more cost-effective choices between institutional and community options, including payment of all expenses for a package of community-based Medicaid services in the first year that individuals transition from institutions to the community. After 12 months, the state would continue the services at normal Medicaid match rates through the home and community-based waivers or state plan services.

Major Items in the President's *New Freedom* 2004 Proposed Budget for HHS

National Demonstrations

\$220 million over five years in *New Freedom* demonstrations. With \$11 million proposed for FY 2004, these demonstrations will focus on:

- **Adult Respite:** Providing respite care for caregivers of adults
- **Children's Respite:** Providing respite care for caregivers of children
- **Direct Service Workers:** Improving the ability of community programs to recruit and retain direct service workers, such as personal assistance workers, through improving health coverage and other supports.
- **Children's Services:** Family and community-based programs for children with psychiatric disabilities, as an alternative to psychiatric residential treatment facilities.

Assuring Health Coverage for Spouses of People Who Work

This proposal would continue Medicaid eligibility for spouses of disabled individuals (eligible for Medicaid services under Section 1619 (b) of the Social Security Act) who return to work. Under current law, individuals with disabilities might be discouraged from returning to work because the income they earn could jeopardize their spouse's Medicaid eligibility. This proposal would extend to the spouse the same Medicaid coverage protection now offered to the disabled worker. The total federal cost is projected to be \$95 million over five years, with \$16 million proposed for FY 2004.

Presumptive Eligibility

This proposal would offer States the option to provide individuals needed Medicaid home and community-based services for up to 90 days during the time that final Medicaid eligibility is being determined. The proposal would reduce the extent to which individuals move to nursing facilities from hospitals due to the delays involved in establishing a person's eligibility for the home and community-based waiver services that would allow them to return home. CMS will pay their share of the first 90 days of community services regardless of whether or not the individual is ultimately deemed Medicaid eligible.

Real Choice Systems Change Grants for Community Living

An additional \$40 million would be provided for "Real Choice Systems Change Grants" to support States efforts to expand or improve community-based services.